

A RESOLUTION BY

FINANCE/EXECUTIVE COMMITTEE

01- R-1503

AUTHORIZING THE MAYOR TO ENTER INTO RENEWAL AGREEMENT NO. 2 FOR FC-7135-99D, HEALTH AND DENTAL BENEFITS, WITH BLUE CROSS BLUE SHIELD OF GEORGIA, INC., ESTABLISHING EMPLOYEE COSTS FOR HEALTH INSURANCE FOR PLAN YEAR 2002; AND AUTHORIZING AMENDMENT AGREEMENT NO. 1 TO PROVIDE ADDITIONAL HEALTH PLANS; AND FOR OTHER PURPOSES

WHEREAS, the City of Atlanta did advertise for proposals for FC-7135-99, Health and Dental Benefits on behalf of the Department of Finance; and

WHEREAS, Resolution 99-R-1731 adopted by Council on November 1, 1999, and approved by the Mayor on November 9, 1999, authorized Blue Cross Blue Shield of Georgia, Inc., for Group Health Indemnity Plans and Medicare Risk HMO Plan; and

WHEREAS, it is necessary to increase the scope of services to be provided by Blue Cross Blue Shield to add additional health plans due to United Healthcare's inability to provide renewal rates due to significant claim losses; and

WHEREAS, said contract includes two (2), one (1) year renewals; and

WHEREAS, the contractor has performed satisfactorily; and

WHEREAS, the Chief Financial Officer and the Purchasing Agent of the Bureau of Purchasing of Real Estate have recommended that Renewal Agreement No. 2 and Amendment Agreement No. 1 with Blue Cross Blue Shield of Georgia be executed.

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ATLANTA, GEORGIA, as follows:

SECTION 1: that the Mayor is authorized to enter into Renewal Agreement No. 2 and Amendment Agreement No. 1, effective January 1, 2002, with Blue Cross Blue Shield of Georgia, Inc., for Group Health Indemnity Plans, Medicare Risk HMO Plan and Group Health HMO Plans.

SECTION 2: that the Chief Financial Officer, the Purchasing Agent of the Bureau of Purchasing and Real Estate and the City Attorney are authorized to engage in such further discussions with these companies as are necessary to protect the City's interest in the form of written contracts.

SECTION 3: that the Purchasing Agent of the Bureau of Purchasing and Real Estate be and is hereby directed to prepare an appropriate contractual agreements to be approved by the City Attorney as to form for execution by the Mayor.

SECTION 4: that these contractual agreements shall not become binding on the City, and the City shall incur no liability upon same until such agreements have been executed by the Mayor, sealed by the Municipal Clerk, and delivered to the contracting parties.

SECTION 5: that all services to be performed under these agreements shall be charged to and paid from the appropriate fund, account and center numbers.

SECTION 6: that the monthly premium rates for Plan Year 2002 be charged under these contracts as follows:

August 23, 2001

Mr. Michael U. Eboka, Deputy Director
City of Atlanta
Bureau of Employee Benefits
55 Trinity Avenue, SW
Suite 1600
Atlanta, Georgia 30355-0317

Dear Michael:

UnitedHealthcare of Georgia has enjoyed being a business partner with the City of Atlanta over the past 10+ years. We appreciate the City's loyalty and business, and hope to find a way to continue our relationship.

As we discussed, our benefit care ratios (loss ratios) with the City have been steadily deteriorating over the past few years. Currently, the benefit care ratios for your three major membership groups are as follows:

Actives	113%
Retirees	166%
Widows	102%

Unfortunately, we do not see a way out of the current benefit care ratio situation, and feel the ratios will continue to erode in 2001. Additionally, The City of Atlanta is currently operating outside of our contribution predications, which are as follows:

Employee out of pocket expenses for UHC cannot be, (\$10 for a single,
\$20 for EE&One, and \$30 for family), greater than the lowest cost competitor.

Due to our membership mix, The City being outside of our contribution predications, and the expected continued deterioration of the benefit care ratios, we are not offering the City a fully insured program for 2001. This is strictly a business decision that United regretfully has to make.

We are willing to offer a self-funded proposal to administer the City's benefit program in 2001. We will be prepared to offer The City a total replacement (All Employees) or dual option (Our plan vs. a competitor) self-funded alternative in the near future.

Please feel free to contact Terri Kline, Karen Brady, or me with any questions. Again, we appreciate the City's business and loyalty over these past 10+ years and hope to find some common ground to continue our relationship in 2001.

Sincerely,

Ray Batchelor

Ray Batchelor
Vice President of Sales
UnitedHealthcare of Georgia

UnitedHealthcare



A UnitedHealth Group Company

Blue Cross/Blue Shield Medical High Option	Total Cost	Employee Cost
<u>Without Medicare</u>		
Employee/Retiree only	399.45	244.08
Employee/Retiree and child(ren)	701.57	429.67
Employee/Retiree and spouse	1,010.17	621.74
Employee/Retiree and family	1,311.53	798.81
Beneficiary child(ren)	302.12	185.59
Widow(er)	610.72	377.66
Widow(er)/bene child(ren)	912.09	554.74

<u>With Medicare</u>		
Retiree only	339.54	182.75
Retiree and child(ren)	641.66	350.86
Retiree and spouse (1 Medicare)	950.26	534.75
Retiree and spouse (2 Medicare)	858.66	471.64
Retiree and family (1 Medicare)	1,251.61	705.01
Retiree and family (2 Medicare)	1,160.76	653.15
Beneficiary child(ren)-Medicare	-	
Widow(er) only-Medicare	519.11	288.88
Widow/bene child-Medicare	821.23	470.41

Blue Cross/Blue Shield Medical Low Option	Total Cost	Employee Cost
<u>Without Medicare</u>		
Employee/Retiree only	339.54	184.17
Employee/Retiree and child(ren)	596.31	324.41
Employee/Retiree and spouse	858.66	470.23
Employee/Retiree and family	1,115.43	602.71
Beneficiary child(ren)	256.76	140.23
Widow(er)	519.11	286.05
Widow(er)/bene child(ren)	775.91	418.56

<u>With Medicare</u>		
Retiree only	288.62	131.83
Retiree and child(ren)	545.40	254.6
Retiree and spouse (1 Medicare)	807.72	392.21
Retiree and spouse (2 Medicare)	729.86	342.84
Retiree and family (1 Medicare)	1,064.52	517.92
Retiree and family (2 Medicare)	986.63	479.02
Beneficiary child(ren)-Medicare	-	
Widow(er) only-Medicare	441.24	211.01
Widow/bene child-Medicare	698.03	347.21

Blue Cross/Blue Shield PPO High Option	Total Cost	Employee Cost
<u>Without Medicare</u>		
Employee/Retiree only	288.03	132.66
Employee/Retiree and child(ren)	505.88	233.98
Employee/Retiree and spouse	728.40	339.97
Employee/Retiree and family	945.70	432.98
Beneficiary child(ren)	217.84	101.31
Widow(er)	440.37	207.31
Widow(er)/bene child(ren)	657.68	300.33

<u>With Medicare</u>		
Retiree only	244.84	88.05
Retiree and child(ren)	462.68	171.88
Retiree and spouse (1 Medicare)	685.20	269.69
Retiree and spouse (2 Medicare)	619.15	232.13
Retiree and family (1 Medicare)	902.51	355.91
Retiree and family (2 Medicare)	836.99	329.38
Beneficiary child(ren)-Medicare		
Widow(er) only-Medicare	374.31	144.08
Widow/bene child-Medicare	592.17	241.35

Blue Cross/Blue Shield PPO Low Option	Total Cost	Employee Cost
<u>Without Medicare</u>		
Employee/Retiree only	244.84	89.47
Employee/Retiree and child(ren)	429.98	158.08
Employee/Retiree and spouse	619.15	230.72
Employee/Retiree and family	804.31	291.59
Beneficiary child(ren)	185.15	68.62
Widow(er)	374.31	141.25
Widow(er)/bene child(ren)	559.48	202.13

<u>With Medicare</u>		
Retiree only	208.11	51.32
Retiree and child(ren)	393.28	102.48
Retiree and spouse (1 Medicare)	582.42	166.91
Retiree and spouse (2 Medicare)	526.28	139.26
Retiree and family (1 Medicare)	767.59	220.99
Retiree and family (2 Medicare)	711.42	203.81
Beneficiary child(ren)-Medicare	-	
Widow(er) only-Medicare	318.17	87.94
Widow/bene child-Medicare	503.33	152.51

Blue Cross/Blue Shield HMO	Total Cost	Employee Cost
<u>Active</u>		
Employee only	198.37	43.00
Employee and child(ren)	349.12	77.22
Employee and spouse	436.40	47.97
Employee and family	614.93	102.21
<u>Without Medicare</u>		
Retiree only	277.71	122.34
Retiree and child(ren)	488.77	216.87
Retiree and spouse	610.96	222.53
Retiree and family	860.90	348.18
Beneficiary child(ren)	150.76	34.23
Widow(er)	238.04	4.98
Widow(er)/bene child(ren)	416.57	59.22
<u>With Medicare</u>		
Retiree only	90.00	-
Retiree and spouse (2 Medicare)	180.00	-
Widow(er)	90.00	-